

HOUSE BILL 1203

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2004 Regular Session
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By: **Delegate Marriott (By Request - Baltimore City Administration) and
Delegates C. Davis, Fulton, Goodwin, Hammen, Harrison, Kirk, Krysiak,
McHale, Oaks, and Paige**

Introduced and read first time: February 13, 2004
Assigned to: Ways and Means

Committee Report: Favorable
House action: Adopted
Read second time: March 16, 2004

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City - General Powers - Tax Increment Financing**

3 FOR the purpose of altering the purposes for which the proceeds shall be applied of
4 certain bonds issued by the Mayor and City Council of Baltimore City under
5 certain provisions authorizing certain tax increment financing for the
6 development of certain areas in Baltimore City; defining certain terms; and
7 generally relating to tax increment financing in Baltimore City.

8 BY repealing and reenacting, without amendments,
9 The Public Local Laws of Baltimore City
10 Section 21-17(a)
11 Article 4 - Public Local Laws of Maryland
12 (1979 Edition and 1997 Supplement and 2002 Supplement, as amended)
13 (As enacted by Chapter 429 of the Acts of the General Assembly of 2003)

14 BY repealing and reenacting, without amendments,
15 The Charter of Baltimore City
16 Article II - General Powers
17 Section (62)(a)
18 (1996 Edition and 2000 Supplement, as amended)
19 (As enacted by Chapter 170 of the Acts of the General Assembly of 2001)

20 BY repealing and reenacting, with amendments,
21 The Charter of Baltimore City

1 Article II - General Powers
2 Section (62)(b) and (c)
3 (1996 Edition and 2000 Supplement, as amended)
4 (As enacted by Chapter 170 of the Acts of the General Assembly of 2001)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article 4 - Baltimore City**

8 21-17.

9 (a) (1) In this section the following words have the meanings indicated.

10 (2) "Abandoned property" means:

11 (i) an unoccupied structure or vacant lot on which taxes are in
12 arrears for at least 2 years;

13 (ii) a building:

14 1. that is unoccupied by owner or tenant;

15 2. that is unfit for habitation;

16 3. that has deteriorated to the point where:

17 A. the building is structurally unsound; or

18 B. the cost of rehabilitation significantly exceeds the post
19 rehabilitation market value; and

20 4. regarding which the owner has been issued a violation
21 notice from the City requiring the owner to:

22 A. rehabilitate the building to conform to minimum code
23 habitability requirements; or

24 B. demolish the building for health and safety reasons;

25 (iii) a vacant lot on which a building has been demolished; or

26 (iv) any building in a block of row houses where the block:

27 1. as a whole contains 70% abandoned property as defined
28 under subparagraph (i), (ii), or (iii) of this paragraph; and

29 2. is determined by the City to require a whole-block remedy,
30 provided that any tenant or owner-occupant has been offered assistance in
31 accordance with subsection (l) of this section.

1 (3) "Distressed property" means a parcel of real property that is subject
2 to a tax lien or liens with a lien or liens to value ratio equal to or greater than 15%, as
3 determined by the Baltimore City Department of Housing and Community
4 Development, and that:

5 (i) contains a dwelling unit or other structure that:

6 1. has deteriorated to the extent that the dwelling unit or
7 other structure constitutes a serious and growing menace to the public health, safety,
8 and welfare; and

9 2. is subject, under the building code of Baltimore City or the
10 housing code of Baltimore City, to an expired violation notice and order to correct the
11 deteriorated conditions; or

12 (ii) is subject to a lien or liens in an amount greater than \$1000 for
13 work done by the Baltimore City Department of Housing and Community
14 Development.

15 **The Charter of Baltimore City**

16 **Article II - General Powers**

17 The Mayor and City Council of Baltimore shall have full power and authority to
18 exercise all of the powers heretofore or hereafter granted to it by the Constitution of
19 Maryland or by any Public General or Public Local Laws of the State of Maryland;
20 and in particular, without limitation upon the foregoing, shall have power by
21 ordinance, or such other method as may be provided for in its Charter, subject to the
22 provisions of said Constitution and Public General Laws:

23 (62)

24 (a) (1) To borrow money by issuing and selling bonds, at any time and from
25 time to time, for the purpose of financing and refinancing the development of an
26 industrial, commercial, or residential area in Baltimore City. Such bonds shall be
27 payable from and secured by a pledge of the special fund described in subsection
28 (d)(3)(ii) of this section and the Mayor and City Council of Baltimore may also
29 establish sinking funds, establish debt service reserve funds, or pledge other assets
30 and revenues towards the payments of the principal and interest, including revenues
31 received by the Mayor and City Council of Baltimore pursuant to a development
32 agreement.

33 (2) (i) In lieu of the pledges set forth in paragraph (1) of this
34 subsection, the authorizing ordinance or trust agreement, subject to subparagraphs
35 (ii) and (iii) of this paragraph, may pledge or assign:

36 1. all or any part of that portion of the revenues and receipts
37 from the taxes representing the levy on the tax increment that would normally be
38 paid to the Mayor and City Council of Baltimore to the payment of such principal and
39 interest;

1 [(7)] (9) "Development agreement" means an agreement between the
2 Mayor and City Council of Baltimore and any person involved in or responsible for
3 development of property within a development district pursuant to which such person
4 shall agree to pay in each year in which any bonds are outstanding an amount equal
5 to all or a portion of the debt service on bonds issued pursuant to this section to
6 finance or refinance development in such development district.

7 [(8)] (10) "Development district" means an area or areas within the City
8 of Baltimore designated by an ordinance of the Mayor and City Council of Baltimore.

9 (11) "DISTRESSED PROPERTY" HAS THE MEANING STATED IN § 21-17(A) OF
10 THE PUBLIC LOCAL LAWS OF BALTIMORE CITY.

11 [(9)] (12) "Original assessable base" means the assessable base as of
12 January 1 of that year preceding the effective date of the ordinance creating the
13 development district under subsection (d) of this section.

14 [(10)] (13) "Original full cash value" means the dollar amount which is
15 determined by dividing the original assessable base by the assessment ratio used to
16 determine the original assessable base.

17 [(11)] (14) "Original taxable value" means for any tax year the dollar
18 amount that is the lesser of:

19 (i) the product of the original full cash value times the assessment
20 ratio applicable to that tax year;

21 (ii) the original assessable base; or

22 (iii) if an adjusted assessable base applies, then the "original
23 taxable value" is the adjusted assessable base.

24 [(12)] (15) "Supervisor of Assessments" means the Supervisor of
25 Assessments for Baltimore City.

26 [(13)] (16) "Tax increment" means for any tax year the amount by which
27 the assessable base as of January 1 preceding that tax year exceeds the original
28 taxable value, divided by the assessment ratio used to determine the original taxable
29 value.

30 [(14)] (17) "Tax year" means the period from July 1 of a calendar year
31 through June 30 of the next calendar year.

32 (c) All proceeds received from any bonds issued and sold pursuant to this
33 section shall be applied solely for:

34 (1) the cost of purchasing, leasing, condemning, or otherwise acquiring
35 land or other property, or an interest in them, in the designated development district
36 area or as necessary for a right-of-way or other easement to or from the development
37 district area;

- 1 (2) site removal;
- 2 (3) surveys and studies;
- 3 (4) relocation of businesses or residents;
- 4 (5) installation of utilities, construction of parks and playgrounds, and
5 other necessary improvements including streets and roads to, from, or within the
6 development district, lighting, and other facilities;
- 7 (6) construction or rehabilitation of buildings provided that such
8 buildings:
 - 9 (I) are to be devoted to a governmental use or purpose;
 - 10 (II) ARE ABANDONED PROPERTY;
 - 11 (III) ARE DISTRESSED PROPERTY; OR
 - 12 (IV) WILL PROVIDE UNITS OF AFFORDABLE HOUSING;
- 13 (7) reserves and capitalized interest on the bonds;
- 14 (8) necessary costs of issuing bonds;
- 15 (9) structured and surface parking facilities that are:
 - 16 (i) publicly owned; or
 - 17 (ii) privately owned but serve a public purpose; and
- 18 (10) payment of the principal and interest on loans, money advanced, or
19 indebtedness incurred by the Mayor and City Council of Baltimore for any of the
20 purposes set out in this section.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2004.